

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

MICHELLE VU NGUYEN
4913 E. Somerton Avenue
Orange, CA 92867

Certified Public Accountant Certificate No.
92316

Respondent.

Case No. AC-2010-11


OAH No. 2010100697

DECISION AND ORDER

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on June 27, 2011.

It is so ORDERED May 27, 2011.



FOR THE CALIFORNIA BOARD OF
ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

1 KAMALA D. HARRIS
Attorney General of California
2 JAMES M. LEDAKIS
Supervising Deputy Attorney General
3 RON ESPINOZA
Deputy Attorney General
4 State Bar No. 176908
110 West "A" Street, Suite 1100
5 San Diego, CA 92101
P.O. Box 85266
6 San Diego, CA 92186-5266
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Attorneys for Complainant

8
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CALIFORNIA BOARD OF ACCOUNTANCY
10 **DEPARTMENT OF CONSUMER AFFAIRS**
STATE OF CALIFORNIA

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STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER

18
19 In the interest of a prompt and speedy settlement of this matter, consistent with the public
20 interest and the responsibility of the California Board of Accountancy of the Department of
21 Consumer Affairs, the parties hereby agree to the following Stipulated Settlement and
22 Disciplinary Order, which will be submitted to the Board for approval and adoption as the final
23 disposition of the Accusation.

24 **PARTIES**

25 1. Patti Bowers (Complainant) is the Executive Officer of the California Board of
26 Accountancy. She brought this action solely in her official capacity and is represented in this
27 matter by Kamala D. Harris, Attorney General of the State of California, by Ron Espinoza,
28 Deputy Attorney General.

2. Michelle Vu Nguyen (Respondent) is represented in this proceeding by
Stuart M. Miller, Esq., whose address is: 24411 Ridge Route, Ste. 200, Laguna Hills, CA 92653.

3. On or about May 23, 2005, the California Board of Accountancy issued Certified Public Accountant Certificate No. 92316 to Respondent Michelle Vu Nguyen. The Certified Public Accountant Certificate was in full force and effect at all times relevant to the charges brought in Accusation No. AC-2010-11, and will expire on July 31, 2011, unless renewed.

JURISDICTION

4. Accusation No. AC-2010-11 was filed before the California Board of Accountancy (Board), Department of Consumer Affairs, and is currently pending against Respondent. The Accusation and all other statutorily required documents were properly served on Respondent on September 14, 2010. Respondent timely filed her Notice of Defense contesting the Accusation. A copy of Accusation No. AC-2010-11 is attached as Exhibit A and incorporated herein by reference.

ADVISEMENT AND WAIVERS

5. Respondent has carefully read, fully discussed with counsel, and understands the charges and allegations in Accusation No. AC-2010-11. Respondent has also carefully read, fully discussed with counsel, and understands the effects of this Stipulated Settlement and Disciplinary Order.

6. Respondent is fully aware of her legal rights in this matter, including the right to a hearing on the charges and allegations in the Accusation; the right to confront and cross-examine the witnesses against her; the right to present evidence and to testify on her own behalf; the right to the issuance of subpoenas to compel the attendance of witnesses and the production of documents; the right to reconsideration and court review of an adverse decision; and all other rights accorded by the California Administrative Procedure Act and other applicable laws.

7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and every right set forth above.

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Order may not be altered, amended, modified, supplemented, or otherwise changed except by a writing executed by an authorized representative of each of the parties.

14. In consideration of the foregoing admissions and stipulations, the parties agree that the Board may, without further notice or formal proceeding, issue and enter the following Disciplinary Order:

DISCIPLINARY ORDER

IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. 92316 issued to Respondent Michelle Vu Nguyen is revoked. However, the revocation is stayed and Respondent is placed on probation for three (3) years on the following terms and conditions.

1. **Obey All Laws.** Respondent shall obey all federal, California, other states' and local laws, including those rules relating to the practice of public accountancy in California.

2. **Submit Written Reports.** Respondent shall submit, within ten (10) days of completion of the quarter, written reports to the Board on a form obtained from the Board. The Respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to Respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.

3. **Personal Appearances.** Respondent shall, during the period of probation, appear in person at interviews/meetings as directed by the Board or its designated representatives, provided such notification is accomplished in a timely manner.

4. **Comply With Probation.** Respondent shall fully comply with the terms and conditions of the probation imposed by the Board and shall cooperate fully with representatives of the Board of Accountancy in its monitoring and investigation of the Respondent's compliance with probation terms and conditions.

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1 5. **Practice Investigation.** Respondent shall be subject to, and shall permit, practice
2 investigation of the Respondent's professional practice. Such a practice investigation shall be
3 conducted by representatives of the Board, provided notification of such review is accomplished
4 in a timely manner.

5 6. **Comply With Citations.** Respondent shall comply with all final orders resulting
6 from citations issued by the Board of Accountancy.

7 7. **Tolling of Probation For Out-of-State Residence/Practice.** In the event
8 Respondent should leave California to reside or practice outside this state, Respondent must
9 notify the Board in writing of the dates of departure and return. Periods of non-California
10 residency or practice outside the state shall not apply to reduction of the probationary period, or
11 of any suspension. No obligation imposed herein, including requirements to file written reports,
12 reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise
13 affected by such periods of out-of-state residency or practice except at the written direction of the
14 Board.

15 8. **Violation of Probation.** If Respondent violates probation in any respect, the Board,
16 after giving Respondent notice and an opportunity to be heard, may revoke probation and carry
17 out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is
18 filed against Respondent during probation, the Board shall have continuing jurisdiction until the
19 matter is final, and the period of probation shall be extended until the matter is final.

20 9. **Completion of Probation.** Upon successful completion of probation, Respondent's
21 license will be fully restored.

22 10. **Ethics Continuing Education.** Respondent shall complete an ethics continuing
23 education course (4 hours minimum) within 120 days of the effective date of the Decision and
24 Order and submit proof of completion to the Board.

25 If Respondent fails to complete the course within the time period provided, Respondent
26 shall so notify the Board and shall cease practice until Respondent completes the course, has
27 submitted proof of same to the Board, and has been notified by the Board that she may resume
28 practice. Failure to complete the course no later than 100 days prior to the termination of

1 probation shall constitute a violation of probation. This course shall be in addition to continuing
2 education requirements for relicensing.

3 **11. Regulatory Review Course.** Respondent shall complete a Board-approved
4 regulatory review course (2 hours minimum) within 120 days of the effective date of the Decision
5 and Order and submit proof of completion to the Board.

6 Failure to satisfactorily complete the required course as scheduled or failure to complete
7 same no later than 100 days prior to the termination of probation shall constitute a violation of
8 probation. This course shall be in addition to continuing education requirements for relicensing.

9 **12. Active License Status.** Respondent shall at all times maintain an active license
10 status with the Board, including during any period of suspension. If the license is expired at the
11 time the Board's decision becomes effective, the license must be renewed within 30 days of the
12 effective date of the decision.

13 **13. Cost Reimbursement.** Respondent shall reimburse the Board \$5,500 for its
14 investigation and prosecution costs for this matter. Payment in full of the \$5,500 shall be made to
15 the Board within 120 days of the effective date of the Decision and Order.

16 **14. Administrative Penalty.** Respondent shall pay to the Board an administrative
17 penalty in the amount of \$5,000 for violation of Section 5100, subdivisions (g), (h), and (l) of the
18 Business and Professions Code. Payment in full of the \$5,000 shall be made to the Board within
19 60 days of the effective date of the Decision and Order.

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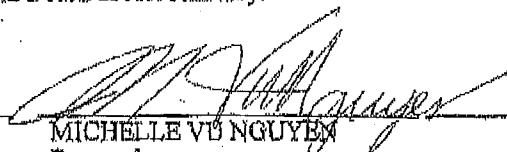
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ACCEPTANCE

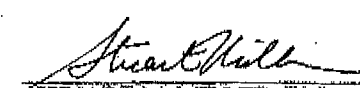
I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully discussed it with my attorney, Stuart M. Miller, Esq. I understand the stipulation and the effect it will have on my Certified Public Accountant Certificate. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the California Board of Accountancy.

DATED: 3/24/11


MICHELLE VU NGUYEN
Respondent

I have read and fully discussed with Respondent Michelle Vu Nguyen the terms and conditions and other matters contained in the above Stipulated Settlement and Disciplinary Order. I approve its form and content.

DATED: 3/24/11


STUART M. MILLER, ESQ.
Attorney for RespondentENDORSEMENT

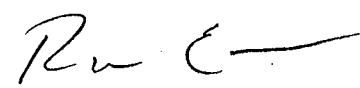
The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Board of Accountancy of the Department of Consumer Affairs.

Dated: March 23, 2011

24

Respectfully submitted,

KAMALA D. HARRIS
Attorney General of California
JAMES M. LEDAKIS
Supervising Deputy Attorney General


RON ESPINOZA
Deputy Attorney General
Attorneys for Complainant

SD2010800103

Exhibit A

Accusation No. AC-2010-11

1 EDMUND G. BROWN JR.
Attorney General of California
2 JAMES M. LEDAKIS
Supervising Deputy Attorney General
3 RON ESPINOZA
Deputy Attorney General
4 State Bar No. 176908
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16 **92316**

17 Respondent.

Case No. AC-2010-11

A C C U S A T I O N

18
19 Complainant alleges:

20 **PARTIES**

21 1. Patti Bowers (Complainant) brings this Accusation solely in her official capacity as
22 the Executive Officer of the California Board of Accountancy (CBA), Department of Consumer
23 Affairs.

24 2. On or about May 23, 2005, the California Board of Accountancy issued Certified
25 Public Accountant Certificate Number 92316 to Michelle Vu Nguyen (Respondent). The
26 Certified Public Accountant Certificate was in full force and effect at all times relevant to the
27 charges brought herein and will expire on July 31, 2011, unless renewed.
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4. Section 5100 states:

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(h) Suspension or revocation of the right to practice before any governmental body or agency.

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• • • •

The expiration, cancellation, forfeiture, or suspension of a license, practice, privilege, or other authority to practice public accountancy by operation of law or by order or decision of the board or a court of law, or the voluntary surrender of a license by a licensee shall not deprive the board of jurisdiction to commence or proceed with any investigation of or action or disciplinary proceeding against the licensee, or to render a decision suspending or revoking the license.

6. Section 5063 states in pertinent part:

(a) A licensee shall report to the board in writing of the occurrence of any of the following events occurring on or after January 1, 1997, within 30 days of the date the licensee has knowledge of these events:

1
2 (3) The cancellation, revocation, or suspension of the right to practice as
3 a certified public accountant or a public accountant before any governmental body
4 or agency.

5 (b) A licensee shall report to the board in writing the occurrence of any of
6 the following events occurring on or after January 1, 2003, within 30 days of the
7 date the licensee has knowledge of the events:

8 (3) Any notice of the opening or initiation of a formal investigation of
9 the licensee by the Securities and Exchange Commission or its designee.

10 (4) Any notice from the Securities and Exchange Commission to a
11 licensee requesting a Wells Submission.

12 **COST RECOVERY**

13 7. Section 5107 of the Code provides, in pertinent part, that the CBA may request the
14 administrative law judge to direct a licensee found to have committed a violation or violations of
15 the licensing act to pay to the CBA the reasonable costs of the investigation and prosecution of
16 the case, including but not limited to attorneys' fees.

17 **FACTUAL ALLEGATIONS**

18 8. On or about February 19, 2009, Respondent contacted the CBA via e-mail,
19 advising of her recent settlement with the Securities and Exchange Commission (Commission)
20 and asking for information about the requirements to report the event to the CBA. Respondent
21 was instructed to complete the Reportable Events form available on the CBA's website. On
22 March 2, 2009, Respondent submitted a Reportable Events Reporting Form for Insurer/Licensed
23 Insurance Broker, dated January 23, 2009, along with the Commission's Order Instituting
24 Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice,
25 Making Findings, and Imposing Remedial Sanctions (Order).

9. The Order, SEC Release No. 59317, dated January 29, 2009, states in part:

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over her and the subject matter of these proceedings, and the findings contained in Section III.3. below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Nguyen, age 51, is and has been a certified public accountant licensed to practice in the States of California and Maryland.

2. Meridian Holdings, Inc. (“Meridian”) was, at all relevant times, a Colorado corporation with its principal executive offices in Culver City, California. In 2004, Meridian maintained its principal executive office in Los Angeles, California and its common stock was registered with the Commission . . .

3. On September 28, 2007, the Commission filed a complaint against Nguyen in SEC v. Meridian Holdings, Inc., et al., Case No. CV 07-06335 DDP (SSx) (C.D. Cal.). On January 6, 2009, the court entered an order permanently enjoining Nguyen, by consent, from violation of Section 10(b) of the Exchange Act, and Rules 10b-5 and 13b2-1 thereunder, and aiding and abetting violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act, and Rules 12b-20 and 13a-13 thereunder. Nguyen was also ordered to pay a \$15,000 civil money penalty.

4. The Commission's complaint alleged, among other things, that during the 2004 calendar year, Nguyen acted as Meridian's principal financial officer and interim chief financial officer for purposes of Meridian's public filings with the Commission and prepared the condensed consolidated financial information included in Meridian's quarterly reports filed with the Commission. The Commission's complaint further alleged that Nguyen, at the direction of Meridian's Chief Executive Officer and Chairman of the Board, participated in a fraudulent scheme which resulted in materially false and misleading financial statements being included in Meridian's quarterly reports on Form 10-QSB for the second and third quarters of 2004. The Commission's complaint also alleged that Nguyen engaged in improper accounting practices that materially increased Meridian's quarterly revenue and net income in a departure from generally accepted accounting principles ("GAAP"). These practices included, among other

1 things, creating the condensed consolidated financial statements included in
2 Meridian's second and third quarter 2004 Forms 10-QSB filed with Commission,
3 which included, as assets and income, a \$30 million default judgment award plus
4 accumulated interest thereon. By recognizing the default judgment and interest
5 thereon as income in its 2004 second and third quarter reports, Meridian reported
6 positive earnings per share for each quarter. Absent the default judgment, and
7 interest, Meridian would have reported losses per share for each quarter.
8 Additionally, the Commission's complaint alleged Nguyen caused Meridian to
9 record the default judgment and interest thereon as a \$31 million asset on
10 Meridian's balance sheets, resulting in the default judgment constituting 85% of
11 Meridian's total assets. The Commission's complaint alleged that the inclusion of
12 the default judgment and interest in Meridian's financial statements was both
13 contrary to GAAP and materially false and misleading because Nguyen had no
14 reasonable basis to conclude that that (sic) Meridian would be able to collect any,
15 let alone all, of the default judgment and interest.

10 IV.

11 In view of the foregoing, the Commission deems it appropriate and in
12 the public interest to impose the sanction agreed to in Respondent Nguyen's Offer.

13 Accordingly, it is hereby ORDERED, effective immediately that:

14 A. Nguyen is suspended from appearing or practicing before the
15 Commission as an accountant.

16 B. After three years from the date of this order, Respondent may
17 request that the Commission consider her reinstatement by submitting an
18 application (attention: Office of the Chief Accountant) to resume appearing or
19 practicing before the Commission as:

20 1. a preparer or reviewer, or a person responsible for the
21 preparation or review, of any public company's financial statements that are filed
22 with the Commission. Such an application must satisfy the Commission that
23 Respondent's work in her practice before the Commission will be reviewed either
24 by the independent audit committee of the public company for which she works or
25 in some other acceptable manner, as long as she practices before the Commission
26 in this capacity; and/or

27 2. an independent accountant. Such an application must
28 satisfy the Commission that:

(a) Respondent, or the public accounting firm with which
she is associated, is registered with the Public Company Accounting Oversight
Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such
registration continues to be effective;

(b) Respondent, or the registered public accounting firm
with which she is associated, has been inspected by the Board and that inspection
did not identify any criticisms of or potential defects in the Respondent's or the

1 firm's quality control system that would indicate that the Respondent will not
2 receive appropriate supervision;

3 (c) Respondent has resolved all disciplinary issues with the
4 Board, and has complied with all terms and conditions of any sanctions imposed
5 by the Board (other than reinstatement by the Commission); and

6 (d) Respondent acknowledges her responsibility, as long as
7 Respondent appears or practices before the Commission as an independent
8 accountant, to comply with all requirements of the Commission and the Board,
9 including, but not limited to, all requirements relating to registration, inspections,
10 concurring partner reviews and quality control standards.

11 C. The Commission will consider an application by Respondent to
12 resume appearing or practicing before the Commission provided that her state
13 CPA license is current and she has resolved all other disciplinary issues with the
14 applicable state boards of accountancy. However, if state licensure is dependent
15 on reinstatement by the Commission, the Commission will consider an application
16 on its other merits. The Commission's review may include consideration of, in
17 addition to the matters referenced above, any other matters relating to
18 Respondent's character, integrity, professional conduct, or qualifications to appear
19 or practice before the Commission.

20

21 10. On or about March 17, 2009, the CBA sent Respondent a letter requesting
22 information on her suspension and reasons for her failure to report the Commission's
23 investigation and Wells Submission request.¹ On or about May 1, 2009, Respondent responded
24 to the CBA's inquiries and explained that she did not report the Commission's investigation or
25 request for a Wells Submission to the CBA due to her misunderstanding. Respondent claimed
26 she contacted the CBA and understood that she was to report the issue as soon as the case settled.

27 ¹ A Wells Notice warns a person or business of possible enforcement action by the U.S.
28 Securities and Exchange Commission. In a Wells Submission, the person or business has the
opportunity to present facts and legal arguments to convince the SEC that no action should be
brought.

1 **FIFTH CAUSE FOR DISCIPLINE**

2 (Failure to Notify CBA of the Request for a Wells Submission)

3 15. Respondent is subject to disciplinary action under section 5100(g) for violation of
4 section 5063(b)(4) of the Code in that she failed to notify the CBA in writing within 30 days of
5 the notice from the Commission requesting a Wells Submission, as is described in paragraphs
6 8-10, incorporated herein by reference as if fully set forth herein.

7 **PRAYER**

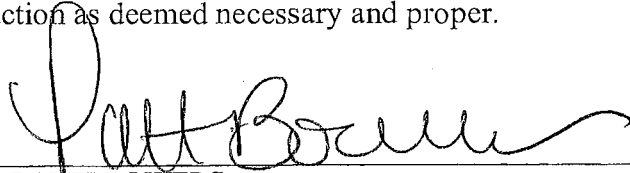
8 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
9 and that following the hearing, the California Board of Accountancy issue a decision:

10 1. Revoking or suspending or otherwise imposing discipline upon Certified Public
11 Accountant Certificate Number 92316 issued to Michelle Vu Nguyen;

12 2. Ordering Michelle Vu Nguyen to pay the California Board of Accountancy the
13 reasonable costs of the investigation and enforcement of this case, pursuant to Business and
14 Professions Code section 5107;

15 3. Taking such other and further action as deemed necessary and proper.

16
17 DATED: 9/1/10


PATTI BOWERS
Executive Officer
California Board of Accountancy
Department of Consumer Affairs
State of California
Complainant

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